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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000103

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STATE FOR AF/W
STATE FOR INR/AA
WARSAW FOR LISA PIASCICK
CIUDAD JUAREZ FOR DONNA BLAIR
ISTANBUL FOR TASHAWNA SMITH
SAO PAOLO FOR ANDREW WITHERSPOON

E.O. 12958: DECL: 09/11/2016

TAGS: PREL PGOV KDEM EPET NI

SUBJECT: ONDO STATE'S OIL REVENUE BRINGS GREAT EXPECTATIONS

REF: 03 LAGOS 2399

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Classified By: Consul General Brian L. Browne for reasons 1.4 (b and d)

¶1. (C) Summary: People's Democratic Party (PDP) Governor Olusegun Agagu will run for a second term in Ondo State. While his supporters tout his achievements, critics note the State's poor roads and infrastructure, wondering why, with Ondo's handsome oil revenues, more people have not benefited from the State's wealth. Agagu's strongest opponent, Labor Party (LP) candidate Olusegun Mimiko, a long-time player in Ondo politics, has the standing and support to be competitive. Although the quality of Agagu's first term will be an issue, party organization and patronage will be even more decisive factors determining who shall win the State. On these points, Agagu has a clear advantage. End summary.

Ondo State's Oil Wealth

¶2. (U) In 2006, Ondo State ranked sixth in total Federal Government (FG) statutory allocation, behind the four Niger Delta States of Rivers, Bayelsa, Delta, and Akwa Ibom, and the northern state of Kano, the most populous in the federation according to the last two census exercises. Ondo, despite ranking 18th in population according to the 2006 census, received more revenue than Lagos State, and twice as much as Southwest neighbors Ekiti and Osun. This wealth comes from oil reserves in the Ilaje Local Government Area (LGA), located on Ondo's coast and largely populated by non-Yorubas. Yorubas are the dominant group in Ondo; however their oil-producing area is inhabited by Ijaw and Itsekiri. Ondo enhanced its wealth recently when a government commission resolved in Ondo's favor a boundary dispute with Delta State involving oil reserves. (Note: Since then, Ijaw and Itsekiri chiefs have sought relief from Delta State, claiming they were being driven from the land by the Yorubas. End note) Governor Olusegun Agagu has claimed credit for the resolution of the boundary dispute in Ondo's favor, but a spokesperson for former Governor Adebayo Adefarati claimed Adefarati started the process in 2001 but, for reasons known only to the it, the Federal Government held the results until ¶2006.

Agagu's Tenure as Governor Questioned

¶3. (U) Prior to becoming Governor, Agagu served in the first Obasanjo administration, as Minister of Aviation in 1999 and later of Power and Steel. After heading two ministries notorious for inefficiency but sought-after, because their coffers offered lucrative patronage opportunities, Agagu returned home for another try at the governorship. Using the People's Democratic Party (PDP) machinery, Agagu defeated incumbent Governor Adefarati of the Alliance for Democracy (AD) in the 2003 election.

¶4. (U) On Poloff's visit to Akure on January 23, there was very little activity, but long queues at every open filling station due to the ongoing fuel crisis. The Akure Ultra-Modern Market, completed to replace the one which had burned down, was finished in time for Obasanjo's visit in June 2006 but still had not opened for business in January. However, billboards touting the Governor's achievements lined the mostly empty streets of Akure. While the main road in Akure was in good condition, outside Akure the roads were worse than in the neighboring states of Ekiti and Osun.

Agagu Campaign in High Gear,
Touting the Governor's Record

¶5. (U) A visit to the PDP secretariat and Agagu campaign headquarters showed Agagu efforts fully in re-election gear. At Agagu's headquarters, a group of about forty women listened to instructions, while behind them were filled shopping sacks. The PDP secretariat had piles of 25kg bags

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of rice, presumably for the campaign to distribute. At Agagu headquarters, a PDP spokesperson defended the Agagu record while handing out glossy brochures touting the Governor. When Poloff asked whether Agagu had accomplished enough in health and the economy, the spokesperson replied these sectors are national and not local in scope. The protracted 2006 strike by health care workers in Ondo has been satisfactorily resolved, he said. On economic development, although no concrete progress has been registered, Ondo's free-trade zone would lead to growth, he promised.

¶6. (C) At the office of the Nigerian Union of Journalists (NUJ), Chairman of the NUJ and Nigerian Television Authority editor Dele Atunbi told Poloff that compared to Adefarati, Agagu has made some strides in the State, particularly in education and facilities, such as new schools, computers, and new roads. Agagu achieved little his first two years but the Governor has improved in the second half of his term, Atunbi said. However, people were questioning whether Agagu had accomplished enough to warrant a second term. Given Ondo's oil wealth, many people were asking where did all the money go, Atunbi stressed.

Former Ondo SSG Is Agagu's Main Opponent

¶7. (C) Unlike other Southwest states, the Action Congress (AC) failed to gain strong footing in Ondo. When the AC formed in 2006, some members left the AD for the AC while others stayed with AD. This rump group, led by 1999 AD presidential candidate Olu Falae, moved to the Democratic Progressive Alliance (DPA). The AC nominated former State Assembly member and 2003 gubernatorial candidate Ademola Adegoroye, but Atunbi discounted Adegoroye as a minor factor in the 2007 governor's race.

¶8. (C) Olusegun Mimiko of the Labor Party (LP) has emerged

as Agagu's main challenger. Failing to wrest the AD nomination from Adefarati in 2003, Mimiko defected to the PDP, a move which observers believe contributed greatly to Agagu's victory. After serving as Ondo State Secretary General (SSG) for three years, Mimiko became Obasanjo's Minister for Housing and Urban Development. Mimiko did not publicly oppose Agagu's renomination, but he subsequently switched to the LP to challenge Agagu. According to Atunbi, Mimiko has a large following and has had well-attended and enthusiastic rallies.

¶9. (C) At Mimiko campaign headquarters, Deputy Chairman of the LP Kayode Iwakun told Poloff the AC and LP could not agree on a candidate so the parties chose went their separate ways. Iwakun himself abandoned the AC to work for the Mimiko campaign. Iwakun, a former campaign manager for Agagu, served in the state administration but said he left because of the lack of development in South Ondo. Iwakun cited inadequate road construction, no university in South Ondo as Agagu had promised, and the overall poor employment situation.

¶10. (C) Mimiko's political strength has made this a competitive race. However, because of his nomadic proclivities toward membership in political parties, many of Ondo's inhabitants have grown suspicious of Mimiko, Atunbi said. Wale Ojo-Lanre, a journalist based in Ibadan, told Poloff the race in Ondo will be "based on personalities", as the two opponents are well known and both have figured prominently in Ondo politics.

Race Is Close, but So Far Peaceful

¶11. (C) Declining to predict a winner, Atunbi acknowledged the election would likely be influenced by vote manipulation. With both sides commanding a great deal of public support, the election would be distilled to strength of party organization and who could tilt the results in his favor, Atunbi felt. Despite the election's closeness, Atunbi did not feel citizens would resort to violence. Atunbi pointed out that in 1983, severe violence in Ondo following a stolen

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election helped precipitate the military coup which toppled President Shehu Shagari, installing in his place Muhammadu Buhari. Since then, Ondo has been peaceful and the Governor has helped keep the peace, Atunbi said. Nonetheless, the LP has charged that the police have been active in breaking up its meetings.

Comment

¶12. (C) In one sense, it would be easy to denigrate the Ondo gubernatorial race as one between two political horses who offer little new and who are content with merely trying to best each other around the same old and worn track. Ondo, with no sign yet of being a flashpoint of political violence, could be overlooked in April. However, some people in Ondo are asking important questions about whether the State government and its prospective leader can manage the State's oil revenues. This is perhaps the most fundamental question being asked in this election at both the national and state levels. On this answer much depends. Thus what happens in Ondo is important. However, given their antecedents, it is uncertain whether either of the two frontrunners can or will provide a good answer to this existential point. End comment.

BROWNE